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wood pellet certification.

THE IMPACT OF COVID-19 ON **ENplus**[®] CERTIFIED COMPANIES

SURVEY RESULTS

We are a world-leading, transparent and independent certification scheme for wood pellets. From production to delivery, we guarantee quality and combat fraud along the entire supply chain.

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Goal

The goal of this survey has been to gather data on the current **impact of COVID-19 pandemic** on ENplus® certified companies and to provide information on possible future fluctuations in the market of high-quality wood pellets.

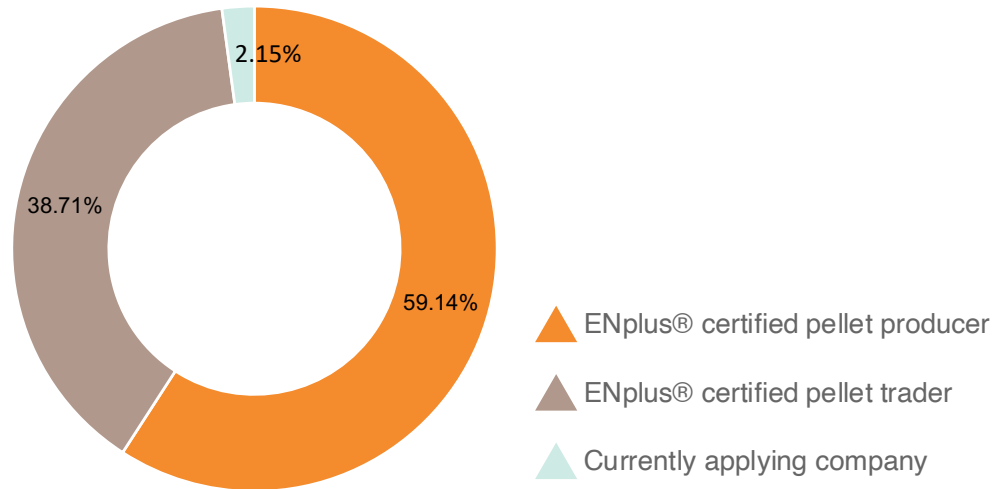
Method

Representatives from ENplus® certified companies were invited to participate in a 25-question survey, which was conducted online from 21 June until 6 July 2020.

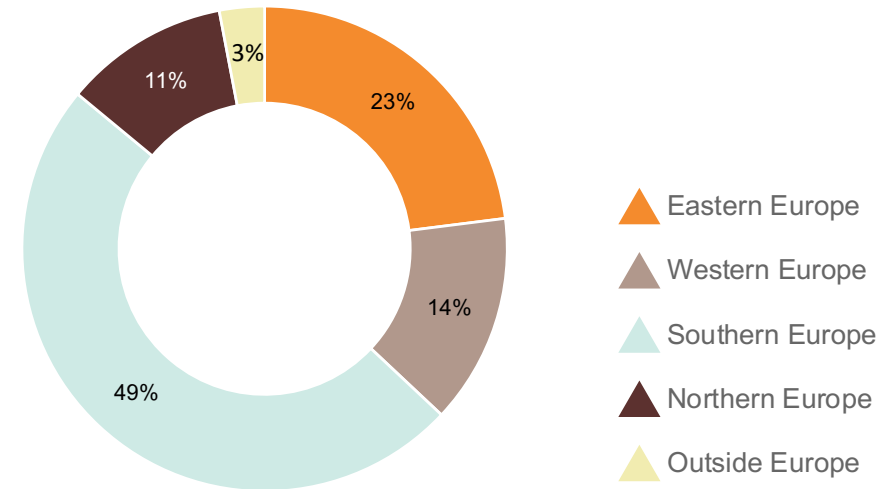
We have received a combined total of **93 responses** from small and mid-scale pellet producers and traders in **21 countries**, equivalent to 46% of the ENplus® global area coverage. These companies' estimated production/trade amount of certified wood pellets for 2020 accounts for **1.2 million tonnes**.

Profile of the respondents

Company profile



Company location

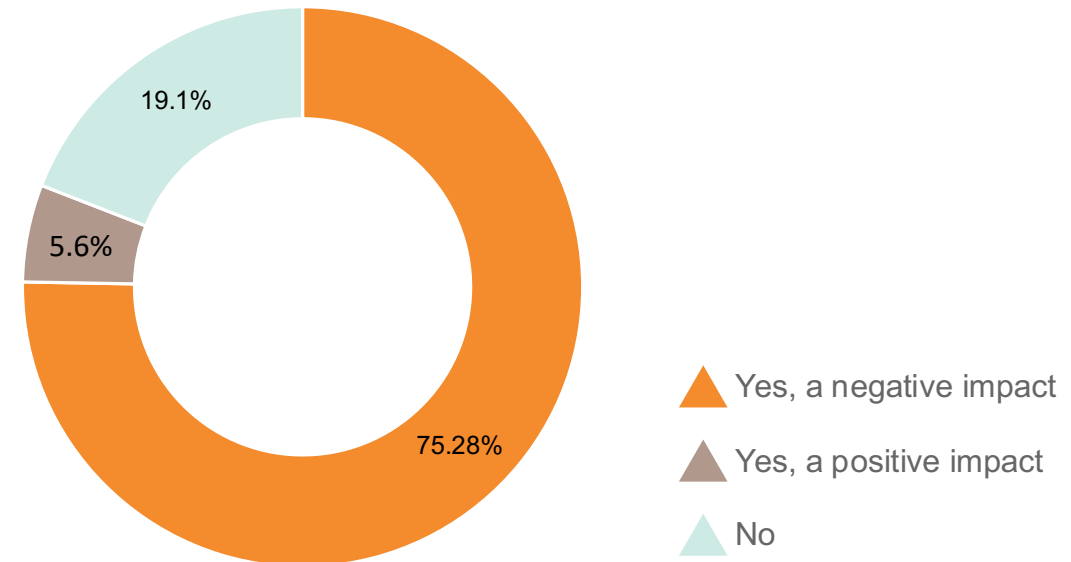


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The impact of COVID-19 on certified companies

Has the pandemic had an impact on your business?

- **75% of respondents** state that COVID-19 has **negatively impacted their business**.
- Just **over 5%** of respondents share that COVID-19 has positively affected their business, with the outcome being an unusual increase in end-user demand (in most cases) during the first half of 2020.

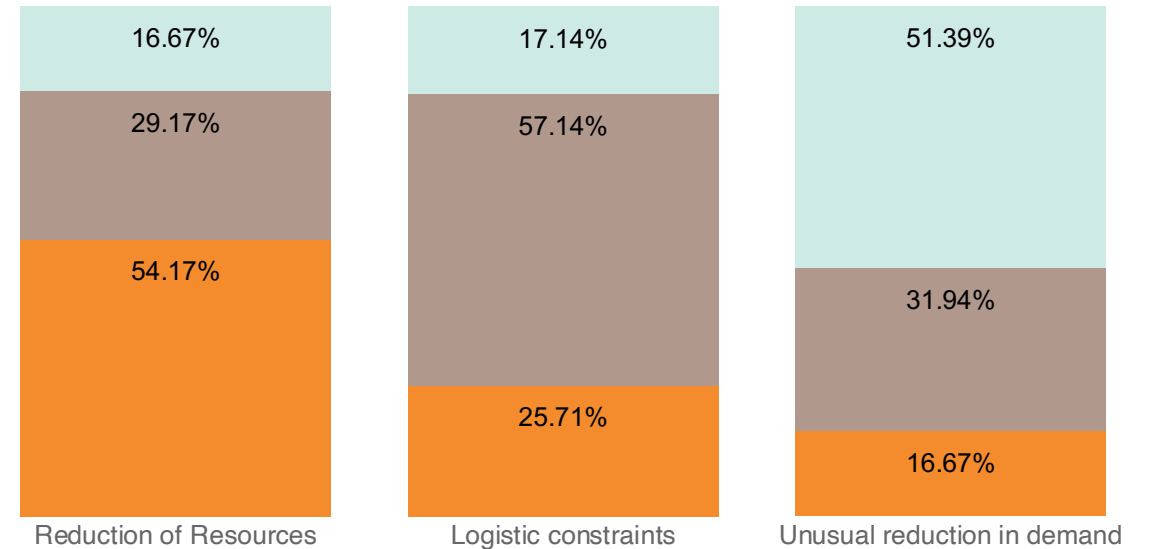


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The negative impact of COVID-19 on certified companies

- ▶ Over 83% of those experiencing a negative impact observed an unusual reduction in end-user demand for the first half of 2020. More than **51% feel severely affected**.
- ▶ Lockdowns imposed logistics constraints which affected more than 74% of those being negatively impacted by COVID-19. However, 57% evaluate the effect of these constraints on their business as moderate.
- ▶ The majority of ENplus® producers and traders experienced a negative impact and indicate **they have not encountered issues** regarding the availability of raw material (for producers) or the pellet supply (for traders).

▲ Not affected ▲ Moderately affected ▲ Severely affected

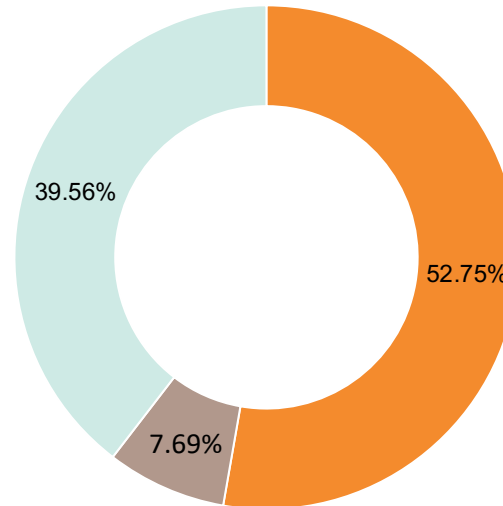


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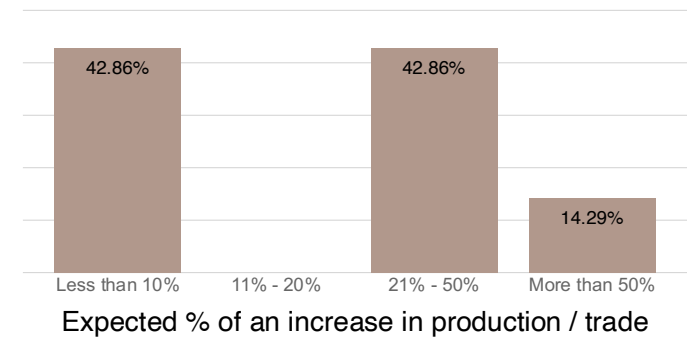
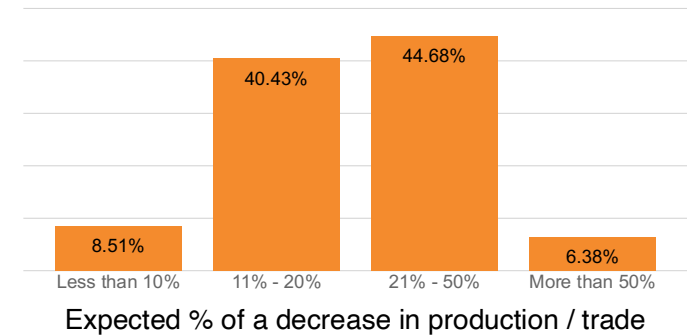
Expectations in Trade & Production

Do you expect your wood pellet production / trade to be affected in the second half of 2020?

- **Over half of respondents** believe they will experience **a decrease in production/trade** by the end of 2020, while only 7.7% expect an increase.
- Almost 45% of those expecting a decrease assume **the drop could vary between 21% and 50%** of their certified amounts, while more than 40% of the same group foresees it will be between 11% and 20%
- Respondents looking forward to a positive development in the second half of 2020 are divided in their views. Nearly **43% believe the possible increase in production/trade can add up to 50% to their volumes**, while another 43% of respondents assume the increase will be insignificant (with less than 10%).



- ▲ Yes, a decrease in production / trade
- ▲ Yes, an increase in production / trade
- ▲ No

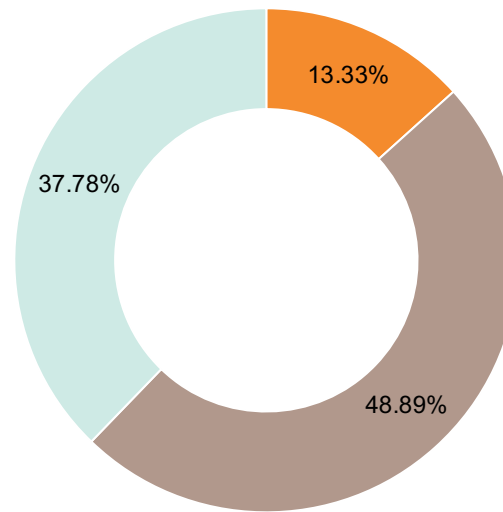


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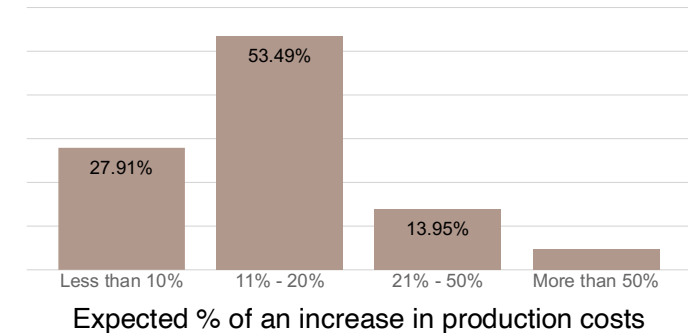
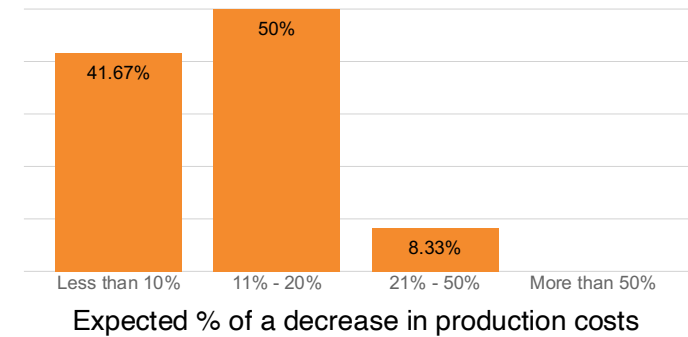
Expectation in Production Costs

Do you expect your production costs to be affected in the second half of 2020?

- ▶ About 63% of respondents share the opinion that **production costs will be affected** in the second half of 2020.
- ▶ Nearly half of respondents (48.9%) expect an increase in production costs, with the majority foreseeing a price increase between 11% and 20%.
- ▶ Only 13% of respondents expect a decrease in production costs. The majority within this group indicates that they could save up to 20% of their expenses.



- ▲ Yes, a decrease in production costs
- ▲ Yes, an increase in production costs
- ▲ No

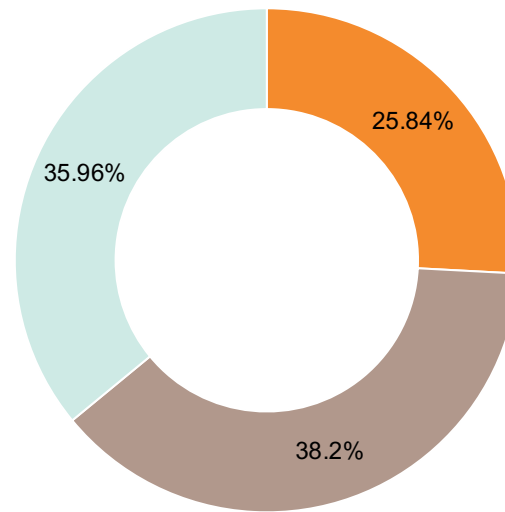


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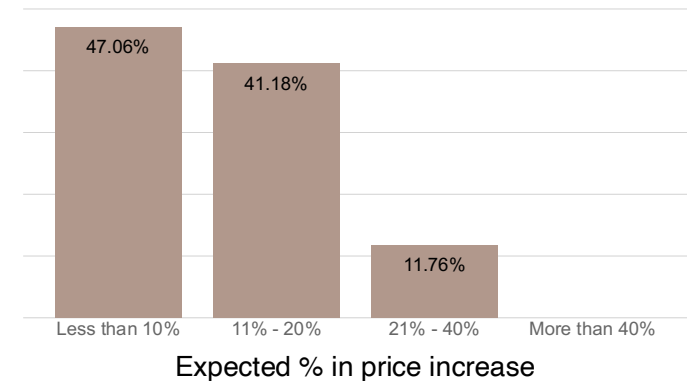
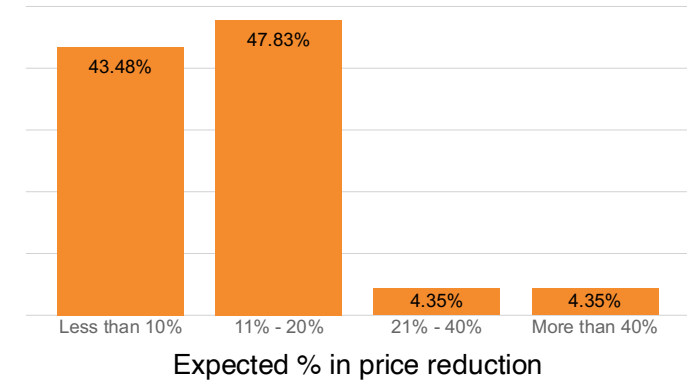
Price Change Considerations

Do you consider increasing or decreasing the price of pellets for end-users in the second half of 2020?

- ▶ **Consumers of ENplus® certified wood pellets should expect new prices**, with over 64% of the survey respondents considering introducing changes.
- ▶ The chances for a price increase are more probable than those for a price decrease.
- ▶ Over 47% of those planning a price reduction consider a decrease between 11% and 20%.
- ▶ Almost half of those considering a price increase believe it will be less 10%. However, more than 41% of the companies planning an increase in prices indicate these might go up with up to 20%.



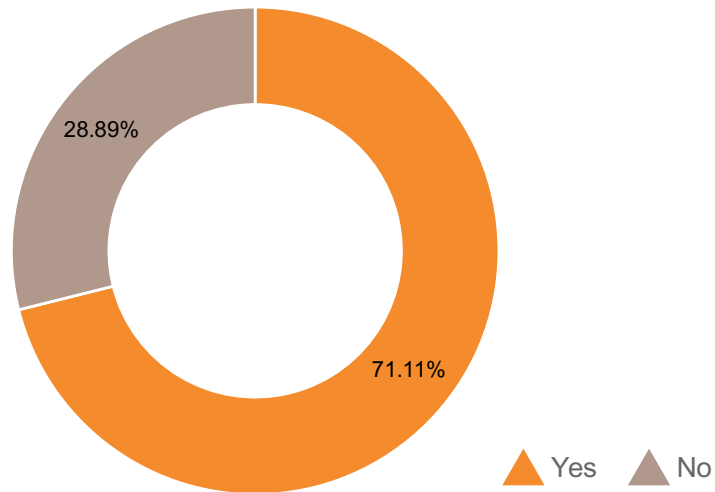
- ▲ Yes, price reduction
- ▲ Yes, price increase
- ▲ No



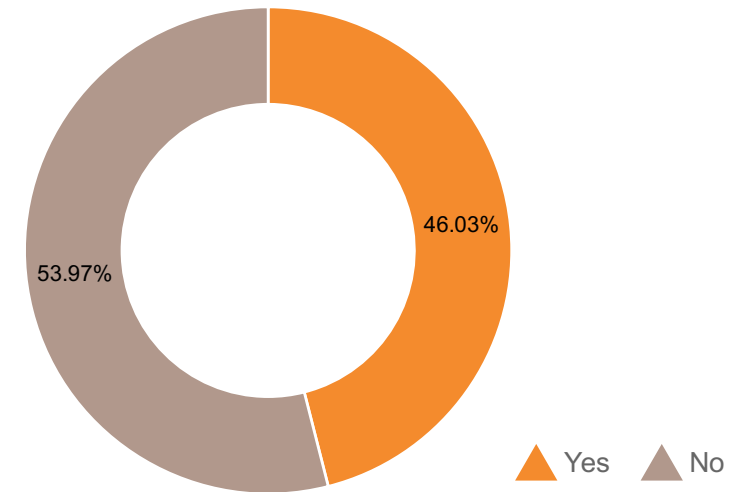
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Government aid

➤ Is government aid available in your country?



➤ Do you plan to apply for government aid?



➤ **Certified companies from the following countries report for the availability of government aid:** Belgium, Bulgaria, Croatia, Czechia, France, Hungary, Italy, Latvia, Netherlands, New Zealand, Poland, Spain, Tunisia, United Kingdom.



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Conclusions

- 3 out of 4 ENplus[®] certified companies have been negatively affected by the COVID-19 pandemic.
- More than half of the negatively affected producers and traders point out the reduction in end-user demand as the most significant consequence.
- Half of the respondents expect a decrease in production / trade in the months until the end of 2020. For more than 80% of these respondents the drop will vary between 10% and 50%.
- Every 2 out of 3 certified companies plan to change pellet price for end users, with chances for an increase being slightly more probable due an expected increase in production costs.
- 71% of respondents state local government aid is available, but less than half of them plan to apply for it.



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